

amo •REPORT•

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**AMO SUBMISSION TO
PROVINCIAL CABINET**

THE ASSOCIATION OF MUNICIPALITIES OF ONTARIO
MARCH, 1988

ASSOCIATION OF MUNICIPALITIES OF ONTARIO

The Association of Municipalities of Ontario, a non-partisan voluntary organization, is united to promote the values of the municipal government system and the status of the municipal level of government as a vital and essential component of the total inter-governmental framework of Ontario and Canada.

The Association acts as the collective voice of Ontario's municipal governments and is organized to accomplish through cooperation and coordination, what the majority have neither the time nor the resources to do individually.

The Association represents some six hundred (600) municipal governments throughout Ontario. The governing body is composed of some eighty (80) municipal elected and appointed officials, who in turn represent a wide-range of municipal government interest.

The following sections and affiliated municipal professional associations form an important part of the Association's structure and therefore, play an important part in its activities in terms of the Board of Directors, program and policy development:

Association Sections:

- * County and Regional Section
- * Large Urban Section
- * Northern Ontario Section (FONOM/NOMA)
- * Rural Section (ROMA)
- * Organization of Small Urban Municipalities Section

Association Affiliates:

- * Association of Municipal Clerks and Treasurers of Ontario
- * Association of Municipal Tax Collectors of Ontario
- * Municipal Engineers Association
- * Ontario Municipal Administrators Association
- * Ontario Municipal Personnel Association
- * Ontario Municipal Social Services Association
- * Society of Directors of Municipal Recreation of Ontario
- * Urban Finance Officers Association of Ontario

To the Municipal Clerk:

Please circulate this Report to the members of council and to the staff of your municipality. Additional copies are available at \$10.00 each from the Publications Centre, Association of Municipalities of Ontario, 100 University Avenue, Suite 805, Toronto, Ontario, M5J 1V6.

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A. AMO MEETS WITH THE PROVINCIAL CABINET MARCH 30, 1988

AMO President Doris Brick, led a delegation of municipal representatives to a meeting with the Premier and Executive Council of Ontario. The Association President told the Ontario Cabinet "All relationships, including the provincial-municipal one, would benefit from more two-way dialogue. AMO's recommendations are being presented in an effort to enhance our communication and partnership."

The Association's submission includes recommendations for policy change to enhance municipal autonomy and changing provincial-municipal relations. Issues such as Sunday shopping, the Police Act, the Fire Department's Act, provincial-municipal finance, and the social service partnership, are highlighted. AMO stated, that as a first step to enhance municipal autonomy the government should move on long sought amendments to the Fire Departments' Act and the Police Act, areas of obvious municipal jurisdiction. Also, as a measure to enhance municipal autonomy the Association requested that the principle of special purpose boards and commissions as committees of council be reinforced in legislation. Specific Provincial Acts should contain permissive provisions enabling municipal councils to assume the functions of municipal boards and commissions (For example: The Public Library's Act).

The Association also requested that the Government implement an enriched capital and operating grant program for municipal sewage treatment plant and systems, in conjunction with the new environmental regulations under the Municipal Industrial Strategy for Abatement.

With respect to provincial-municipal finance in general, AMO stated that current financial arrangements needed adjustment. "Municipalities have less flexibility than ever before in responding to local needs and there is an increasing inability to respond to new government regulations". AMO requested the Government to establish a provincial-municipal committee for the development for a new and responsive transfer payment system.

AMO stressed the importance of a long-term and strategic way of thinking of provincial-municipal relations. "AMO would like to assist in the development of a new balance in which the interests of both levels are more harmonious".

GOVERNMENT RESPONSE TO THE ASSOCIATION SUBMISSION

The Honourable David Peterson, Premier of Ontario, complemented the Association on a very constructive brief. He indicated that the government was mindful of municipal concerns and he hoped that provincial and municipal government would work on a practical and pragmatic basis to solve future problems. The brief contained much to discuss, and the government hoped to do this with the municipal sector on an ongoing basis.

The following briefly summarizes some specific government responses to the issues raised in the AMO submission:

County Government Review: the Honourable Eakins, Minister of Municipal Affairs

The Minister indicated that he hoped the Government would move on many of the recommendations of the Report of the County Government Review Committee, released in February 1988. The Ministry of Municipal Affairs had had some good feedback on many of the issues and many could be implemented as soon as possible.

Special Purpose Boards and Commissions: David Peterson, Premier of Ontario

The Premier indicated that they were aware of the Association's concerns with respect to Special Purpose Boards and Commissions. Following the meeting, the Honourable Lily Monroe, Minister of Citizenship and Culture, approached the Association with a request to attend future consultation meeting to discuss library boards and library services.

Sunday Shopping: the Honourable Joan Smith, Solicitor General

Various members of Cabinet indicated that the government would be proceeding with amendments to legislation for local option for Sunday shopping. It was recognized that the Association had a different point of view but hoped that some of these problems would be solved by amendments to the Retail Business Holiday's Act.

Municipal Industrial Strategy for Abatement (Misa): the Honourable James Bradley, Minister of the Environment

The Minister indicated that he was aware of the Association's concerns with respect to future capital investments for the Misa program. The Association's two representatives on the Technical Advisory Committees of Misa, would both become representatives on the Public Advisory Committee when the municipal regulations were discussed. The Minister of Environment indicated that he would consider the Association's request for a six month lead time for response to the draft regulations under Misa. He was aware of their impact to the municipal sector and the need for adequate time to review them. He cautioned, however, that he would likely be criticized by other groups and the opposition parties in the House if the government proceeded too slowly on this issue.

Provincial-Municipal Committee on Transfer Payments: the Honourable Robert Nixon, Treasurer of Ontario

The Government, in recognition of the fiscal concerns raised by the Association, agreed to the request to establish a provincial-municipal committee to look at the total transfer payment system. The Treasurer indicated that the Association's suggestion had merit and would perhaps make his job easier in "rationalizing the allocations each year under the Provincial budget process."

Lot Levies and Front End Financing: David Peterson, Premier of Ontario

The Association spoke of its concerns regarding the need for a legislative framework for lot levies. In response, the Premier expressed interest in the Association's past work. He asked the AMO if the municipal sector would be agreeable to charging levies for school capital facilities. The Association stated that it had not examined this as this was not within the jurisdiction of municipal government but local elected school boards. The Premier indicated that he was examining creative ways to solve the problems of severe lack of school capital funds for high growth areas.

The Provincial-Municipal Social Service Partnership: the Honourable John Sweeney, Minister of Community and Social Services

The Association expressed its concerns regarding the increasing involvement of municipalities in community based social services. The Minister indicated that the Provincial-Municipal Social Services Review, a joint committee of Ministry, OMSSA and AMO, was established to review the partnership in social service delivery. The mandate of this committee was to look at not only cost sharing, but also come up with a better structure of delivery. The Minister indicated that he was aware of the concerns regarding the impact of the "spouse in the house ruling", but the government had to act in response to court decisions. He hoped in the future, to give municipalities adequate lead time to respond and incorporate policy changes into their budget processes.

The Municipal Elections Act: Tax Credits for Campaign Expenses, the Honourable John Eakins, Minister in Municipal Affairs

AMO indicated to the Cabinet that there was a need to have in the upcoming amendments to the Municipal Elections Act, permissive provisions to enable municipalities to implement a tax credit scheme for campaign expenses. It was recognized that this was particularly important for larger municipalities. These municipalities recognized the need for an audit mechanism, to be paid by the municipality. In response, the Minister in Municipal Affairs indicated that he would raise this again with Cabinet. Subsequent to this meeting, Bill 106, the Municipal Election Statute Law Amendment Act was introduced in the Legislature for first reading, which contained these requested provisions.

Housing: David Peterson, Premier of Ontario

At the conclusion of the discussion, the Premier raised a government concern with the Association. He asked the Association's assistance in participating on a Government/Industry/Municipal Task Force to look at the regulatory processes of the provincial government and the municipal level of government in an effort to streamline and reduce some of the costs of housing. The Association indicated that it would be pleased to participate but would likely need resource or financial assistance to do so. The Premier indicated that as this was a high priority for the government, the Ministry of Municipal Affairs would be in contact with the Association shortly to initiate this working group on a regulatory aspects of housing.

B. AMO CABINET SUBMISSION, 1988

INTRODUCTION

This is the third year that we have come before you, as municipal elected representatives and colleagues in government, to present the municipal views on policies and programs which affect our communities. The Association of Municipalities of Ontario appreciates this opportunity to once again freely discuss the provincial-municipal partnership in government.

AMO thanks the government for its accessibility. The Association over the past months and the last few years has participated in many meetings with members of Cabinet and with senior staff on specific issues of concern to its municipal membership.

The Association also appreciates the commitment of the Honourable John Eakins, Minister of Municipal Affairs to the provincial-municipal consultation process. AMO and the Ministry have regular meetings to jointly discuss current issues, problems, and on some occasions forthcoming legislation. This process of mutual consultation is a cornerstone of the provincial-municipal "partnership".

Historically the Association of Municipalities of Ontario was founded in 1899 to promote municipal government interests in Ontario. The basic premise of the organization has always been the promotion of municipal government as a "partnership" with provincial government. AMO urges the members of Cabinet to bear in mind that the Association speaks on behalf of a duly constituted level of government, a level of government that has been provided the authority to legislate and to act to serve the interests of the citizens of Ontario. Municipal elected representatives face the same electorate as those who serve as provincial or federal legislators. The opinions of the Association and its policy reports are therefore not just one viewpoint but the collective opinion of some 700 municipal governments in Ontario. The Association represents one level of government addressing another, and AMO's role should be recognized as being far beyond that of the many other special interest groups.

It is with the above in mind that AMO urges the government to consult with the municipal sector, especially on those matters with a significant local impact. All relationships, including the provincial-municipal one, would benefit from more two-way dialogue. AMO presents the following comments and recommendations in an effort to enhance our communication and partnership.

I. THE REALITY OF MUNICIPAL AUTONOMY

The role of municipal government in the government framework of Canada is ensured not only through historical precedent but also through the recognition that municipal government is an integral part of the Canadian democracy. The enhancement of municipal autonomy is a fundamental principle of our democratic system.

Municipalities do have a dual function. Municipal corporations are established to enact laws on behalf of its citizens. Municipal corporations are also at times agents of the provincial government in carrying out some programs and services. However, municipal responsibilities should be clearly defined and differentiated from those services which are basically provincial by nature but delivered locally.

The Association maintains that if the purpose of municipal government is to govern and legislate in the community, this government should then have complete authority in those areas for which it is ultimately responsible. Municipalities are not agents of the province delivering all of its services in accordance with provincial legislation, regulation and policy decisions.

The lines of authority for government functions are becoming increasingly indistinct. It is now more difficult to define municipal versus provincial responsibilities. This in itself restrains municipal autonomy. There are also legislative, financial and administrative restrictions to municipal autonomy.

The Association of Municipalities of Ontario has over the years examined the legislative, financial, and administrative limitations imposed by the provincial government on municipal services, and addressed this in almost every report forwarded to the government. AMO on behalf of its member municipalities has consistently requested in its reports and resolutions, legislation and policy change to enhance municipal autonomy in delivering services.

"Municipal autonomy" has been used lately as the basis for the governments' decision to delegate the decision-making for Sunday Shopping to the local level. This is not giving municipalities more municipal authority.

A starting point could be timely enacting into legislation of many of the recommendations of the Ministry of Municipal Affairs study "Report of the Advisory Committee on Local Government". Ontario's counties have long recognized the need for permissive authority to assume more responsibilities such as waste management and emergency planning. These are long-overdue solutions to municipal problems.

A starting point would be implementation of the recommendations of AMO's 1988 brief to the Premier and Executive Council of Ontario.

A STRATEGY TO ENHANCE MUNICIPAL AUTONOMY

RECOMMENDATIONS

1. The Association requests that the provincial government develop and implement a strategy to enhance "municipal autonomy" in all areas of direct municipality responsibility.
2. AMO requests, that as part of the strategy of enhancing municipal autonomy, the principle of special purpose boards and commissions as committees of council be reinforced in legislation. Specific provincial acts should contain permissive provisions, enabling municipal councils to assume the functions of municipal boards and commissions: (for example the Public Libraries Act).

Further, the Association also requests amendments to the Police Act to increase municipal representation on police commissions.

3. Within this principle of enhancement of "municipal autonomy", the Association requests as a first step, that substantive amendments to the Police Act and Fire Departments Act be introduced in the Legislature no later than the spring of 1989.

II. POLICY CHANGE TO ENHANCE MUNICIPAL AUTONOMY

The following examples are a few where the Association feels the provincial governments could have taken more proactive action.

A. The Planning Act

Between 1977 and 1983 the Association on behalf of its membership spent considerable time providing input to the government on the "new" Planning Act. AMO and the municipalities of Ontario maintain that in this area of traditional municipal responsibility, planning, municipalities should be able to determine their planning policies to fit local needs and circumstances. AMO in its report to the government in 1982 stated that the proposed new act contained impediments to local planning autonomy.

Municipalities believe that the Planning Act should enable planning for all municipal services, through the official plan process. Municipal planning should address social, economic, recreational, environmental and physical factors to the degree required by local circumstances. After a ten year review process and subsequent discussions, the Planning Act, 1983 still does not allow municipalities to address social planning in their official plan process.

AMO believes that parts of the Planning Act are in fact contrary to the principle of local autonomy. In 1982 AMO disagreed with Section 17(9) of the Act which gives the Minister of Municipal Affairs the authority to unilaterally alter a municipality's official plan.

The Association over the years has expressed its concerns with the "provincial interest" provisions of the Act. The Act allows Ministerial intervention in municipal planning processes if a matter is deemed to be of "provincial interest".

AMO believes its comments are well founded. In 1986 "affordable rental housing" was declared a provincial interest and Bill 11 - An Act Respecting the Protection of Rental Housing was passed by the Legislature without prior consultation with the municipal sector. Although the bill is designed to protect the existing supply of rental housing in the province, it relies on municipal government for its implementation. The act imposes additional planning requirements on all municipalities over a population of 25,000 for all changes in use of rental housing, whether or not a rental shortage exists. The legislation also interferes with the planning functions of regional and area municipalities in that condominium approvals are in many cases, delegated from the regional municipality to the local municipality. AMO believes that the working relationships previously established between regional and lower-tier planning departments were working well, prior to Bill 11.

The Ministry of Agriculture and Food in overseeing the "provincial interest" for foodland preservation, has delayed municipal planning processes. Many official plan amendments have been unnecessarily held up pending review by the Ministry in their strict adherence to foodland preservation guidelines. AMO does support the preservation of prime agricultural land, but also feels that local planning decisions, local autonomy, must also be respected.

B. Special Purpose Boards as Committees of Council

In 1980 the Association forwarded to the provincial government a study of municipal special purpose boards and commissions. AMO has stated that a restructuring of many of these boards is required to improve their accountability and effectiveness. The Association states that as many special purpose boards and commissions as possible should be eliminated and the responsibility for these functions should be assigned directly to council. Major decisions on policy and spending should be made by elected members of council, with the authority to delegate administrative functions to staff. Implementation of this principle should be permissive and gradual, with municipal councils moving at their own speed, to best suit local needs.

AMO has carried this philosophy through in its analysis of particular services.

Public Libraries

In 1984 in responding to the government's review of the Public Libraries Act the municipal level of government requested a provision in the new legislation which would enable all municipal councils to assume the library board function as a committee of council, at local discretion. This is not in the present Act. If municipalities wish to go this route, a private bill is the only solution.

Police Commissions

This municipal service is delivered by a special purpose board that has minority municipal representation. Legislation prohibits the appointment of a majority of elected representatives to police commissions. Although municipal governments supply most of the funds for the services from the property tax base, councils do not have budget approval or any financial control. Increased municipal representation on police commissions and financial accountability to municipal council would enhance autonomy in this area.

C. Lot Levy Legislation

For over ten years AMO and its member municipalities have attempted to obtain a clear and firm legislative base for the collection of lot levies (development charges). To date we have not succeeded and the existing ambiguous legislation has remained, causing legal challenges on this important financial issue, with each lot levy policy being subject to unpredictable OMB decisions.

There is a recognition that the current provisions of the Planning Act and the Municipal Act are inadequate for municipalities in preparing sound lot levy policies to meet the service needs of their community, resulting from growth. More recently the Association allocated considerable time and resources to a working group process with the Ministry of Municipal Affairs and the development sector. Some degree of consensus was reached by municipal representatives and development industry, however the initiative now must come from the government.

This example is cited as it is an acute problem for many municipalities; not just for large urban centres but also for small towns and rural townships who also need legislation as a basis for municipal policies. Development charges are an important tool for many, in financing the capital growth-related costs of new development. Municipal autonomy includes the ability of municipal government to respond to community needs in a responsible fashion.

After ten years of study and analysis, hopefully draft legislation will be introduced in the Legislature by the end of 1988!

D. Flexibility in Municipal Finance

Municipal governments must have sufficient access to revenue to finance their statutory obligations and to enable delivery of optional programs, required by the community. Today, the municipal revenue source, the property tax base is being used to fund more services than ever before. This is evidenced in the growth of specific cost-shared programs. In 1977 there were approximately 90 conditional grant programs. After the 1987 Provincial Budget announcement there were over 105 programs.

AMO has repeatedly requested that the government allocate more of its transfer payment dollars as unconditional grants as opposed to conditional grant programs. Municipal councils must have more control over priority setting and the budget allocation process to reflect local needs. Lack of progress in deconditionalizing grants and increased administrative control by Ministries for specific conditional grants (for example, General Welfare Assistance) have reduced municipal autonomy.

E. Revisions to the Police Act and the Fire Departments Act

Amendments to the Fire Departments Act and the Police Act - areas of obvious municipal jurisdiction - have been a long-standing concern to AMO. The concerns with both Acts are two-fold. The first is that the present system of collective bargaining is deficient and perhaps unfair to both parties. Second, the present Fire Departments Act is over 30 years old and requires revision to facilitate modern administration and management practices.

After 14 years of study and review, no action has been taken to date by the governments in providing municipalities with effective legislation for delivering the basic municipal services, fire protection. AMO is equally committed to achieving an up-dated Police Act.

For all the above reasons and more, the Association request that the Provincial Government, develop in consultation with AMO a interministerial strategy to enhance municipal autonomy, in all government programs and legislation.

As one first step the Association requests that the long-sought amendments to the Fire Departments Act and the Police Act, be introduced in the Legislature by the spring of 1989.

MUNICIPAL AUTONOMY AND SUNDAY SHOPPING

RECOMMENDATIONS

4. The Association of Municipalities of Ontario requests the provincial government to re-evaluate its decision to make Sunday store openings a municipal option. If the government agrees, AMO offers its cooperation and assistance to a provincial working group to develop a provincial legislative framework.

III. MUNICIPAL AUTONOMY AND SUNDAY SHOPPING

In November 1987 the Honourable Joan Smith, Solicitor General announced in the Provincial Legislature that the government intended to introduce, as soon as possible, legislative changes allowing individual municipalities to regulate Sunday openings. The decision was based on the existing powers given to municipalities under Section 211 of the Municipal Act to control shopping hours on all other days of the week. Also the existing Retail Business Holidays Act had a form of local option in that municipalities could declare "tourist" areas and have businesses open on holidays in these areas.

The Honourable David Peterson stated in the Provincial Legislature that relegating Sunday store hours to municipalities was a recognition of municipal autonomy. "Let us recognize the diversity of this province. Let us recognize municipal autonomy, let us recognize that each municipality is different and let us have some respect for the municipal politicians that make these kind of decisions."

The Association of Municipalities of Ontario has recognized the diversity of the province and consequently at the 1987 AMO Annual Conference voted against local discretion for Sunday store openings. At the January 1988 AMO Board of Directors meeting the Board unanimously reaffirmed its opposition to this decision as being in fact an abrogation of provincial responsibility. The Association would prefer that the government act on those many other issues which would truly enhance municipal autonomy, rather than give to the municipal sector a political problem that the provincial government does not appear to have the will to resolve. The Association knows of its strong membership support on this issue. Over one hundred and fifty resolutions and municipal council endorsements of this position, have been received this year.

The Association believes that the decision to have store openings on holidays is a provincial responsibility. The protection of a common "pause day" (whether it be Sunday or not) is a social, economic and labour law issue - areas of clear provincial jurisdiction. AMO recognizes that retail openings in one community will have an economic impact on small businesses in all communities. If left to "local" option the option will be a non-option as the decision of one community will influence the neighbouring municipality. The provincial governments' suggestion that retail openings on holidays is a local option denies past history as this regulation has always been within provincial jurisdiction.

Policy decisions which have a broad social economic and employment impact on all citizens should be provincial decisions. Therefore the provincial government should assume the responsibility in this area and not delegate this to their municipal elected colleagues.

PROVINCIAL-MUNICIPAL FINANCE

RECOMMENDATIONS

5. The Association requests that the government implement an enriched capital and operating grant program for municipal sewage treatment plant and systems, in conjunction with the new environmental regulations under the Municipal Industrial Strategy for Abatement, for the fiscal year 1988-89.
6. AMO requests the government to establish a provincial-municipal committee for the development of a new and responsive provincial-municipal transfer payment system.

IV. CHANGING PROVINCIAL-MUNICIPAL RELATIONS

CURRENT TRENDS

There are emerging trends in public policy which are becoming more and more obvious to the municipal sector. On a individual basis, Ministry by Ministry, the impact of new legislation, the addition of another cost-shared program, does not appear significant. However AMO is concerned with the collective impact.

The following briefly highlights some apparent trends which cause concern about the adequacy of the current provincial-municipal relationship.

- . Public attitudes about the environment and pollution have lead to increased environmental regulation. AMO and municipalities support the governments actions but there will be significant costs which cannot all be financed from the property tax base or the existing grant programs of the Ministry of the Environment.
- . Municipal wage settlements and non-wage compensation have generally been at or slightly below the inflation rate (with the exception of police and fire arbitrated settlements). Although municipalities support the principles of the pay equity legislation, it will have a financial impact, particularly for those programs cost-shared with the provincial government. For example, the costs of wages for pay equity do not appear to be a shareable expense of General Welfare Administration costs.
- . Ontario's population is growing at a rate of .7%. The areas around Metropolitan Toronto are experiencing more rapid growth. Growth in population means a growth in all government services, including municipal.
- . Changing demographics, changing employment patterns, the increased participation of women in the work force, the growing seniors population are factors that are influencing provincial and municipal services. The Association is aware that this will influence provincial government decisions, and the distribution of Ontario's expenditures. Health and social service spending has increased while education and resource development has declined.
- . There is an overall demand for community-based delivery of programs and an increasing demand for local solutions to problems. This is evidenced in past government policy decisions, such as the deinstitutionalization of ex-psychiatric patients by the Ministry of Health and the current corporate strategy of the Ministry of Community and Social Services to provide more services in the community where people live.
- . School funding has a significant impact on the municipal government tax base. In 1987-88 the provincial level of support to education is 49.4% (average). The property tax contribution will be 50.9% (average). School taxes have contributed more to the rise in the mill rate, growing at a rate of 8.3% annually since 1982, compared to 6.9% annual growth in municipal taxes.¹

V. PROVINCIAL-MUNICIPAL FINANCE

In November 1987 the Honourable Robert Nixon, Treasurer of Ontario announced a 6.7 percent increase in the 1988 transfer payments to municipal government. While this is a 1.7 percent increase over the 1987 level of 5 percent, it is still well below the expected expenditure level of municipalities of 8.8 percent. The Ministry of Treasury and Economics attributes the 8.8 percent increase in expenditures to high growth areas, regional government and the Metropolitan Toronto area. However the average expenditure level across the province is calculated at 7.8 percent, well above the inflation rate and above the increase in transfer payments.

The Association states that this rise in expenditures is the result of new programs given to municipal governments and the cost of new and improved legislation and regulation. Some new programs of the past year will have an even more significant impact on property taxes: education improvements, higher welfare rates, increased accessibility for childcare, community based social services, the environmental regulations of the Municipal Industrial Strategy for Abatement, and stricter regulations for landfill in Regulation 309.

At this point a few of these concerns are highlighted.

Education Funding

The Association is concerned with the impact of school funding on the local property tax base. School taxes have contributed more to the recent rise in property taxes than perhaps any other service. School taxes have grown 9.0 percent on an annual basis since 1981, compared to the 7.7 percent annual growth in municipal taxes. As stated earlier, school board taxes now represent 50 percent (provincial average) of the total municipal tax bill. In more recent years the government has introduced new education programs to improve the overall education system in Ontario. The Association does not dispute the need for improvements to education, only their impact on municipal revenue sources. There is less capacity to finance municipal services.

Social Services

Each year the cost of providing social services rises either through increases in the cost of providing the service, by expanding the clientele, or by adding new programs. In 1987-88 there were program enhancements and new 80-20 cost-shared programs added to the already complex social service system.

For example the "spouse in the house" ruling under the General Welfare Assistance Act of November 1987 expanded the eligibility list for welfare and thereby increased municipal costs as well as provincial costs. (Under the "spouse in the house" ruling, a single person living with another adult of the opposite sex can receive social assistance unless the co-habiting adult has a legal obligation to support him or her). It is estimated that this procedure will add approximately 8,000 persons to the FBA/GWA caseload over the next three years. The additional cost to municipalities for the GWA portion will be approximately \$10 million, in 1988.

The Ministry of Community and Social Services, the Office for Senior Citizens Affairs and the Ministry of Housing all have sought more "local" involvement in responding of community needs. AMO does not necessarily argue this. But, the Association has concerns about the ever-expanding role of municipal government in social service delivery, on a piece-meal basis through the initiatives of several Ministries.

The most recent example is the December 1987 announcement of the Honourable Chaviva Hosek and the Honourable John Sweeney regarding "Access to Permanent Housing Committees" which will assist the homeless in finding permanent housing. AMO supports the government in this effort but questions the municipal contribution to this program. It has been indicated that projects of these access committees will be cost-shared (80-20) with the municipal sector. (The maximum amount of project funding would be \$250,000 for the provincial government making the municipal obligation \$62,500).

AMO has concerns with the continued practice of assuming that municipal government should be involved in community-based social services. It was the Association's understanding that this is under review, as the mandate of the Provincial-Municipal Social Services Review, a joint committee of Ministry of Community and Social Services, OMMSA, and AMO, is to review the provincial-municipal partnership in social service delivery, and make recommendations for the future.

According to the Economic Outlook and Fiscal Review: Ontario 1987, the provincial governments' expenditures for social services increased by 3% over the ten years from 1977 to 1987, from 11% to 14%. Meanwhile municipal social service budgets have dramatically increased. For example the proposed budget increases for Metropolitan Toronto and surrounding regions vary from 16.2% in Peel to 39.3% in Durham. It is recognized that in dollar terms the provincial 3% increase may be more significant. However, AMO states that the limited property tax base cannot support the ever-increasing demands of the expanding social service system.

MISA, the Municipal Industrial Strategy for Abatement

In June 1986 the Ministry of the Environment released a white paper, the Municipal Industrial Strategy for Abatement, which will reduce toxic chemicals in our waterways. The amount of toxins will be limited from all industries, and from municipal sewage treatment plants. Municipalities will be responsible for over 12,000 industries discharging into the municipal sewage system.

The new regulation (presently being developed by several technical committees and to be reviewed by the MISA Advisory Committee later this spring) will be implemented at the end of 1989.

AMO is concerned about the financial impact of the MISA regulation. It will be an expensive regulation for all levels of government.

Municipal budgets will have to accommodate:

- . Capital improvements for existing facilities and for new sewage treatment plants. In 1986, 151 municipal sewage treatment plants did not meet the effluent requirements of the existing regulation. It is inevitable that under new and stricter effluent

regulations considerably more plants will require up-grading to comply with new regulations.

- . On-going monitoring by municipalities of discharges into systems. Municipalities will be charged with an intensive and expensive monitoring system for the multi-use industrial sector - small industries. The exact costs in terms of increases to municipal staff, laboratory expenses, etc. is unknown. However it has been estimated that a municipality serving 300,000 people with 500 industries would have laboratory monitoring costs of approximately \$150,000 per year.
- . Technical expertise. The requirements for BAT (best available technology) for sewage treatment systems will require municipalities to hire and train more highly trained staff.
- . Fines for non-compliance. The fines under the Environmental Protection Act and the Ontario Water Resources Act have been increased. Penalties range up to \$500,000 and/or imprisonment for up to one year. The municipal corporations and/or its officers can be charged and convicted. This increased legal and financial liability make it even more essential that municipalities are assured the financing for sewage treatment.

Therefore AMO requests that the government start a new enriched operating and capital grant program to assist municipalities in complying with the environmental regulations under MISA.

A Less Flexible Transfer Payment System

Ten years ago the province of Ontario transferred to municipal government \$1.3 billion. These funds were distributed in over 90 conditional grant programs and the unconditional grants program of the Ministry of Municipal Affairs. In 1987-88 the province of Ontario gave to municipalities and agencies approximately \$7.3 billion. After the 1987-88 budget announcement there were over 105 conditional grant programs.

In 1977, the unconditional grants program comprised 38.8% of money allocated to municipalities. In 1987 the unconditional grant program has shrunk to 11.9% of total transfers to municipal government.

AMO knows that the existing transfer payment system diminishes municipal autonomy. Financial assistance channelled by provincial government priorities into the many conditional grant programs, undermines municipal decision-making. It in fact interferes with the ability of municipalities to provide services based on local needs.

AMO suggests that the provincial-municipal financial partnership needs adjustment. Municipalities have less flexibility than ever before in responding to local needs. Municipalities are restricted by an unresponsive financial base, and are unable to react to existing and future trends in their communities. There is an increasing inability to respond to new government regulation and there are competing demands for limited resource dollars.

The Association, recognizing this has initiated its own study of the transfer payment system. A committee is currently reviewing all the conditional grant programs, to assess the adequacy of the programs in meeting municipal needs and the ability of the grant structure to meet municipal requirements. Hopefully this will be forwarded to you early in September. The Association would then like to meet with the appropriate Cabinet Ministers to discuss the recommendations of the report and the possibility of establishing a joint process to achieving fiscal reform.

Therefore AMO requests the government to establish a provincial-municipal committee for the development of a new and more responsive provincial-municipal transfer payment system.

PROVINCIAL-MUNICIPAL CONSULTATION

RECOMMENDATIONS

7. AMO urges all Ministries of the government to use joint consultation at the earliest possible stages of development, for legislative and programs changes affecting the municipal level of government.
8. The Association recommends that a Municipal Impact Statement be prepared for all Cabinet Submissions for new legislation and programs affecting municipal government, to provide information on their affect to municipal operations and finance.

VI. PROVINCIAL-MUNICIPAL CONSULTATION

AMO, on behalf of its municipal membership urges the government to consult with the municipal sector on matters with a significant impact prior to final decision-making. The provincial-municipal partnership should be a "working" partnership. AMO appreciates that fact that the members of Cabinet are accessible. However it is at the earlier stages of development that constructive input would be beneficial for both parties.

The Association would like to thank the past Minister of Municipal Affairs, the Honourable Bernard Grandmaitre, and the current Minister of Municipal Affairs the Honourable John Eakins for understanding this dynamic and using a joint working group to develop improvements to the Unconditional Grant program. In 1986 and 1987 the Ministry of Municipal Affairs staff and Association representatives worked together during the course of the year to identify changes that could be incorporated into the up-coming year's unconditional grant announcement. The 1988 announcement contained all of the proposals of this group effort and the Association would like to acknowledge the efforts of the Ministry of Municipal Affairs in attempting to solve some municipal financial problems by this process.

The Association is equally encouraged by the initiative of the Honourable John Sweeney, Minister of Community and Social Services in establishing the Provincial-Municipal Social Services Review Committee - a joint committee of senior Ministry staff and municipal political and social service representatives. The partnership approach to developing recommendations to the Minister for a long-range strategy for the future roles in delivering and funding social services is positive. Although the policy process is encouraging, AMO is concerned with the final outcome. Unless the government is willing to seriously address municipal revenue sources, the role of municipal government in social service delivery must remain restricted.

In 1986 the Ministry of the Environment produced a policy decision of equal impact to the municipal sector, the white paper on MISA. The white paper was released prior to any contact with municipal government. The deadline for response to the directions which had already received Cabinet approval was sixty days. The Association was noted on the consultation structure chart published within the white paper as being represented on the Public Advisory Committee. The report did not clarify that this involvement was restricted to the final stages of the draft municipal regulation, and consequently the municipalities of Ontario are under the false impression that AMO has been much more involved than it actually is.

The Association suggests that more of a partnership approach to the development of policies which impact provincial-municipal relations, is needed. Some ministries have not been as aware of the municipal perspective and have not kept in mind municipal administration and finance. AMO suggests that the direct involvement of municipal officials in joint studies and dialogue, at the earliest stages is an excellent route for all.

Early consultation and involvement allows all facts to be articulated in Cabinet Submissions prior to decision-making. AMO urges all Ministries of the government to use joint consultation at the earliest possible stages of development for legislative and programs changes involving the municipal level of government. The Association recom-

mends that a Municipal Impact Statement be prepared for all Cabinet Submissions for new legislation and programs affecting municipal government, to provide information on the affect for municipal operations and finance.

VII. CONCLUSION

AMO has concerns about the changing expectations for municipal government. The Association notes that on an individual basis, Ministry by Ministry, the impact of new programs, the addition of another cost-shared service and new regulations, do not appear significant. The Association is concerned however with their collective impact.

The Association therefore presents these recommendations to stress that both levels of government need to think in a more long-term and strategic manner about the future of the provincial-municipal partnership. AMO would like to assist in the development of a new balance; to arrive at a new partnership in which the interests of both are more harmonious.

APPENDIX A
AMO REPORT REFERENCES

1. Report #9 - Special Purpose Boards and Commissions, January 1980
2. 82-2 AMO Submission to the Standing Committee on General Government on Bill 159 - An Act to Revise the Planning Act, March 1982
3. 84-8 - Response to Bill 93: An Act Respecting Public Libraries
4. 86-14 - Response to the White Paper "Municipal Industrial Strategy for Abatement", October 1986
5. 87-1 - A Proposed Model of Collective Bargaining and Required Amendments to the Fire Department's Act
6. 87-4 - Response to the Rental Housing Protection Act, January 1987
7. 87-8 - Discussion Paper on Lot Levies and Front-End Financing
8. AMO Resolution and Report on Sunday Shopping: Municipal Option, January Board of Directors Meeting, 1988
9. 88-1 - Education Funding in Ontario, January 1988
10. 88-3 - AMO Provincial Budget Submission, February 1988
11. AMO Policy Guidelines and Reports, 1987

APPENDIX B: ATTENDANCE

The Executive Council of Ontario

David Peterson, Premier of Ontario
Robert Nixon, Deputy Premier, Treasurer and Minister of Economics, Minister of Financial Institutions
Jack Riddell, Minister of Agriculture and Food
Ian Scott, Attorney General
Gerry Phillips, Minister of Citizenship
John Sweeney, Minister of Community and Social Services
William Wrye, Minister of Consumer and Commercial Relations
David Ramsay, Minister of Correctional Services
Lily Munro, Minister of Culture and Communications
Chris Ward, Minister of Education
Jim Bradley, Minister of the Environment
Richard Patten, Minister of Government Services
Elinor Caplan, Minister of Health
Chaviva Hosek, Minister of Housing
Monte Kwinter, Minister of Industry, Trade and Technology
Greg Sorbara, Minister of Labour
Murray Elston, Chairman of Management Board of Cabinet, and Chairman of Cabinet
Sean Conway, Minister of Mines
John Eakins, Minister of Municipal Affairs
Vincent Kerrio, Minister of Natural Resources
Rene Fontaine, Minister of Northern Development
Bernard Grandmaitre, Minister of Revenue
Alvin Curling, Minister of Skills Development
Joan Smith, Solicitor General
Hugh O'Neil, Minister of Tourism and Recreation
Ed Fulton, Minister of Transportation
Remo Mancini, Minister Without Portfolio
Mavis Wilson, Minister Without Portfolio and Minister Responsible for Senior Citizens' Affairs

The Association of Municipalities of Ontario

Doris Brick, Reeve, Township of Ennismore and President, AMO
Albert Bouwers, Mayor, Township of Osgoode and Chairman, AMO Municipal Development Committee
Stephen Clark, Mayor, City of Brockville and Vice-President, AMO
John Gerretsen, Mayor, City of Kingston and Immediate Past President, AMO
Bill Hanly, Clerk-Administrator, County of Huron and Chairman, County and Regional Section
John Harrison, Councillor, Township of Delhi and Vice-President, AMO

Grant Hopcroft, Alderman, City of London and Vice-President, AMO
Trip Kennedy, Chief Administrative Officer, Town of Renfrew and Vice-President,
AMO
Howard Moscoe, Alderman, City of North York and Chairman, Large Urban
Section
MacDonald Dunbar, Executive Director, AMO
Bev Allen, Director of Policy and Legislative Services

Invited Guests of AMO

Willard Shaw, Warden, County of Lanark
K.I. Coulthart, Clerk-Treasurer, County of Lanark
Robert Strachan, County Engineer, County of Lanark and Immediate Past
President, Municipal Engineers Association
Lowell C. Yorke, Mayor, Town of Perth
Frank Mahon, Reeve, Town of Perth
T.G. Kent, Clerk-Treasurer, Town of Perth



PUBLICATIONS ISSUED IN THE "AMO REPORT" SERIES

- 86-1 Response to the Ministry of Housing's 1985 Non-Profit Housing Proposal
- 86-2 Compulsory and Binding Arbitration: A Proposal (1984 edition)
- 86-3 Response to the Report Taxing Matters: An Assessment of the Practice of
Property Taxation in Ontario (\$10.00)
- 86-4 Response to Ministry of Housing's Guidelines for the Redistribution of
Funds under the Ontario Home Renewal Program
- 86-5 Report on Amendments to the Planning Act, 1983/Addendum to AMO Report
86-5
- 86-6 AMO Submission to Provincial Premier and Executive Council of Ontario
- 86-7 Response to Provincial Government Discussion Paper on "Pay Equity"
- 86-8 Response to the Preliminary Report of the Advisory Committee on Municipal
Liability Insurance
- 86-9 Response to the Report of the Commission of the Financing of Elementary
and Secondary Education in Ontario
- 86-10 Housing Rehabilitation in Ontario
- 86-11 Response to the Foodland Preservation Policy Statement (\$10.00)
- 86-12 Funding Income Maintenance in Ontario: Administration Costs
- 86-13 Report on Deinstitutionalization (\$10.00)
- 86-14 Response to the Provincial Government's White Paper, "Municipal Industrial
Strategy for Abatement (MISA)"
- 86-15 Response to "Issues and Options: An Interim Report on Municipal Elections
in Ontario" (\$10.00)
- 86-16 Response to Ontario Right to Farm Advisory Committee's Report

- 87-1 A Proposed Model of Collective Bargaining and Required Amendments for
the Fire Departments Act (\$10.00)
- 87-2 Response to the Final Report of the Advisory Committee to the Minister of
Municipal Affairs on Municipal Liability Insurance in Ontario
- 87-3 Response to the 1986 Draft on Flood Plain Planning Policy Statement
- 87-4 Response to the Rental Housing Protection Act
- 87-5 The Future of Social Assistance in Ontario - Report to the Social Assist-
ance Review Committee (\$10.00)
- 87-6 AMO Submission to Provincial Premier and Executive Council of Ontario
- 87-7 Recommendations on the Pay Equity Act (\$10.00)
- 87-8 AMO Discussion Paper on Lot Levies and Front-End Financing (\$10.00)
- 87-9 A Proposed Model of Collective Bargaining and Required Amendments for
the Police Act (\$10.00)
- 87-10 Response to Bill 106 - An Act to Amend the Occupational Health and Safety
Act
- 87-11 Unconditional Grants Proposal for 1988
- 87-12 The Licensing of Businesses by Municipalities

- 88-1 Education Funding in Ontario (\$10.00)
- 88-2 Preliminary Response to New Directions for Child Care
- 88-3 1988 Provincial Budget Submission
- 88-4 AMO Submission to Provincial Cabinet (\$10.00)

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For a list of AMO reports prior to 1986, please contact the AMO office.